

CITY OF PHOENIX LOCAL WORKFORCE INVESTMENT AREA

Geography

The Phoenix-Mesa MSA was ranked the eighth fastest growing MSA in the United States for the decade of the 90's. (An MSA, or Metropolitan Statistical Area, is a classification for an urban area containing a sufficiently large population to warrant individual study. For the Phoenix Metropolitan Area, or Phoenix MSA, this area is composed of Maricopa and Pinal Counties.) The Phoenix metro area labor market is the most dynamic in the state, and has experienced rapid growth in recent years. The labor force of the city proper was 740,481 in PY 00-01 and is forecasted to be 762,925 in PY 01-02, and with the balance of Maricopa County and Pinal County added, the MSA comprises more than 1.58 million workers in the labor force. The MSA and the City have enjoyed very low unemployment rates over the last five years, but these rates are already climbing as the economy starts another cyclical slowdown.

Population

According to the most recent official population figures produced by the US Census Bureau, 2000 data shows 3,251,876 people reside in the Phoenix-Mesa MSA. This resident population accounts for 63 percent of Arizona's total population. In the ten years since the 1990 census, the MSA population grew by 45.3 percent, or roughly 3.8 percent annually compared to the state as a whole which grew over 40 percent for the decade. Phoenix is the largest city in the MSA, with an estimated population of 1,321,045. Mesa is the next largest, with an estimated population of 396,375.

Income

According to data from the Bureau of Economic Analysis from 1990 to 1999, total personal income in the Phoenix-Mesa MSA increased 96.4 percent compared to the State's nearly 90 percent. However, on a per capita basis, the gain of 46.4 percent was on par with the State's growth of 46.3 percent. Phoenix-Mesa MSA per capita income was \$27,617 in 1999, about 9.7 percent above the state average, up from 9.6 percent above the state in 1990. Average wage and salary earnings per job increased 4.1 percent in 1999 – equal to the gain for the state.

Labor Force

The Phoenix-Mesa MSA labor force grew roughly 2.3 percent each year from 1995 to 2000. Phoenix-Mesa MSA employment figures grew more, however, with an average annual increase of 2.4 percent. This affected the unemployment rate downward from 3.5 percent in 1995 to 2.7 percent in 2000.

Employment

Total nonfarm jobs in the Phoenix-Mesa MSA averaged 5.3 percent yearly growth from 1995-2000. Strong growth occurred in finance, insurance & real estate (FIRE) which had average yearly growth of 6.7 percent for the period. Construction and services also registered impressive gains at 7.1 percent and 7.3 percent per year respectively. Mining lost on average 13.2 percent per year from 1995-2000.

The Phoenix-Mesa MSA has a big portion of the State's total jobs. In the year 2000, 7 out of 10 of Arizona's jobs were in the Phoenix metro area. The annual average for 2000 was 1,582,100 nonfarm jobs that represented an increase of about 57,000 jobs since the last year. The MSA's jobs have grown 56 percent from 1990 to 2000 and 3.7 percent over the last year.

Because detailed industry employment growth can be ascertained only at the MSA level, and because Phoenix's labor market really is the entire MSA, discussion of job growth by industry will concentrate on the whole Phoenix-Mesa MSA.

All of the Phoenix-Mesa's industries grew from 1990 to 2000 with the exception of mining. Business services had the most rapid gain - an impressive 183 percent. Business services (which includes personnel supply services) added 120,000 jobs over the time period. Construction was another big gainer, adding 63,000 during the decade to date, and growing 113.2 percent. The outlook for construction looks bright as employment continues to expand at a steady pace. Construction, however, is a volatile industry, and very difficult to forecast with great accuracy.

There has been an apparent recovery from the debacle of failing savings and loans during the 1980s. The finance, insurance, & real estate (FIRE) group added 44,600 jobs from '90 through '00. The growth rate slowed to 2.4 percent or 2,800 jobs over calendar average 1999 to 2000, that is still growth at a brisk pace. The peak year for growth occurred in 1997 with 10.9 percent.

Services have had a large impact on the Phoenix employment profile due to its large proportion of the local economy. One out of every 2.3 jobs created since 1990 was a service job. Services added 238,900 jobs in 1990 through 2000 period – 87.5 percent growth for the period.

Trade added significantly to the employment landscape contributing 119,400 jobs in the 1990 through 2000 period. This is a 48 percent addition to this industry's employment. Retail trade was the lion's share of the growth adding 90,500 – an increase of 47 percent.

Health services have added 31,100 jobs in the 1990 through 2000 period for an impressive 47.3 percent gain. While not impressive from the present growth rate standpoint, this industry is poised for the possibility of significant growth as the baby boom generation ages and lifespans in general are extended.

The preceding industry information was taken from more aggregate information of the Current Employment Statistics (CES) program at the MSA level. In the appendix of this publication are lists of growing and declining industries determined from the ES-202 system at greater industry detail at the county level. In general, the detailed information supports the industry group trends, but there are components that change when aggregated. Therefore, it would be prudent for employment and training program operators to look closely at the lists of detailed industries.

Growing and Declining

The growing and declining occupation lists (also in the appendix) may have even more relevance for employment and training program operators. 31 detailed (3 digit SIC) growing industries are in Maricopa County. Nevertheless, there are 25 that are declining according to the 2000 data.

Forecast

Research Administration is forecasting employment to grow 1.0 percent in PY 01-02 and another 2.5 percent in PY 02-03. MSA-wide unemployment is expected to increase from the PY 00-01 rate of 3.2 percent to 5.0 percent in PY 01-02 and then decrease slightly to 4.7 percent in PY 02-03.

Issues of Concern

- Pockets of poverty persist in Phoenix inner-city areas just as they do in other large cities.
- Phoenix faces a greater challenge by numbers alone than in any other area of Arizona in meeting the mandate of moving welfare recipients into work.

Source: Arizona Department of Economic Security, Research Administration, November 2001.